



Earnings

Your earnings help to determine the amount of your future pension benefit and are the basis upon which TRS retirement contributions are determined.

Creditable earnings

We recognize the following forms of compensation as creditable earnings:

- ★ salary you earn for:
 - regular contractual teaching duties;
 - extra duty earnings:
 - *contractual teachers*: extra duties related to teaching or the academic program, or involving supervision of students;
 - *noncontractual teachers*: only extra duties requiring teacher certification;
 - substitute teaching;
 - teaching that is completed after school hours, such as night school or driver education; and
 - serving as a school board officer or clerk.
- ★ homebound teaching or tutoring.
- ★ longevity bonuses.
- ★ employer-paid member TRS contributions.
- ★ contributions to tax-sheltered annuities under the Internal Revenue Code, Section 403(b) or to a qualified tax-deferred compensation plan under the Internal Revenue Code, Section 457(b).
- ★ contributions to a flexible benefit plan that has a cash option or an option, such as a tax-sheltered annuity, that would qualify as salary reportable to us. A “flexible benefit plan” is an option offered by an employer to employees who are covered under TRS to receive cash or

contributions to a 403(b) tax-sheltered annuity or 457(b) deferred compensation plan in lieu of employer-provided insurance.

- ★ payments made by your employer for the purchase of optional service credit. The payments must be paid or due and payable along with or prior to your final paycheck for regular earnings.
- ★ payments made by your employer for your 2.2 upgrade. The payments must be paid or due and payable along with or prior to your final paycheck for regular earnings.
- ★ salary awarded due to labor or employment litigation.
- ★ retirement incentives and severance payments, including payments for accumulated vacation and sick leave, that are paid or due and payable along with or prior to your final paycheck for regular earnings.
- ★ regional superintendent stipends paid from county funds.

If you receive payments before the end of your employment that are contingent upon some future event, such as retirement, those payments are creditable earnings in the school year in which the payments were made. If the condition upon which the payment is based does not occur and the payment is repaid to the employer, an adjustment will be made to remove the payment from the school year in which the payment was originally reported.

Summer earnings

In the summer of 2003, summer earnings became reportable to TRS on the same basis as employment during the regular school term.

Summer school teaching and summer extra duties that require teacher certification are reportable as creditable earnings. For full-time and part-time contractual teachers, summer extra-duties involving supervising students and summer duties related to the academic program are also reportable as creditable earnings.

Active military duty

Since the 2000-2001 school year, members called to active military duty or active military training receive earnings and service credit with TRS while on active duty or training.

Limitations

Individuals who become TRS members on or after July 1, 1996, receive credit for earnings up to the annual amount allowed by federal law.

Noncreditable earnings

Noncreditable earnings include compensation you earned for duties that are unrelated to the academic program.

Earnings for the following positions or duties are noncreditable:

- ★ administrative positions not requiring certification,
- ★ teacher aide,
- ★ bus driver,
- ★ cafeteria worker,
- ★ clerical assignments in the business office,
- ★ custodial or maintenance,
- ★ scorekeeping, timekeeping, and taking tickets at school events that does not involve the supervision of students, and
- ★ work performed for private schools, junior colleges, and universities.

Other noncreditable earnings include:

- ★ severance payments that are due and payable after your final paycheck for regular earnings;
- ★ payment at termination for services that you will perform while you are retired;
- ★ payments your employer makes for either the member or the employer Early Retirement Option contribution;
- ★ lump-sum payments made after your death;
- ★ noncreditable benefits, such as board-paid health insurance or travel allowances, that are converted to salary before you retire to increase your final salary;
- ★ workers' compensation payments;

- ★ options to take salary in lieu of employment-related expense allowances or reimbursements even though they are included in a flexible benefit plan; and
- ★ payments your employer makes for your THIS Fund contribution.

Fringe benefits

Employer-paid fringe benefits are not creditable earnings unless they are included in a reportable flexible benefit plan. A "flexible benefit plan" is an option offered by an employer to employees who are covered under TRS to receive cash or contributions to a 403(b) tax-sheltered annuity or 457(b) deferred compensation plan in lieu of employer-provided insurance. Examples of noncreditable, employer-paid fringe benefits include:

- ★ dental insurance,
- ★ disability insurance,
- ★ health insurance,
- ★ life insurance (including insurance in excess of \$50,000 and split-dollar life insurance),
- ★ dependent care reimbursements,
- ★ legal fee reimbursements,
- ★ medical care reimbursements,
- ★ tuition reimbursements,
- ★ employer payment of Medicare tax,
- ★ contributions to or proceeds from nonqualified tax-deferred compensation plans and annuities, and
- ★ medical savings accounts.

Expense reimbursements and allowances

Expense reimbursements or allowances are not creditable earnings, whether they are paid to you or to the provider of the service or product. Examples of noncreditable expense reimbursements and allowances include:

- ★ moving expenses,
- ★ travel reimbursements and allowances,
- ★ membership dues,
- ★ publication subscriptions,
- ★ employer-provided automobiles,
- ★ automobile expenses, and
- ★ living or mortgage allowances.